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Message Text

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ACTION EB-08

INFO OCT-01 NEA-10 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00
DOTE-00 INR-07 NSAE-00 FAA-00 L-03 XMB-02 EUR-12
OMB-01 TRSE-00 PA-01 PRS-01 USIA-06 /054 W
----------162146Z 058310 /63
R 161050Z MAR 77
FM AMEMBASSY KUWAIT
TO SECSTATE WASHDC 7512
AMEMBASSY ROME
INFO AMEMBASSY ABU DHABI
AMEMBASSY DOHA
AMEMBASSY JIDDA
AMEMBASSY MANAMA
AMEMBASSY MUSCAT
AMEMBASSY TEHRAN
AMCONSUL DHAHRAN
USINT BAGHDAD

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ROME FOR RCAA

E.O. 11652: N/A
TAGS: EAIR KU
SUBJECT: KAC WIDEBODY JET DECISION ANNOUNCED

REF: KUWAIT 645.

1. DURING DISCUSSION WITH EMBOFFS MARCH 15 NEW MANAGING DIRECTOR OF KUWAIT AIRWAYS CORPORATION (KAC) GHASSAN AL-NISF COMMENTED ON MARCH 14 LOCAL MEDIA REPORTS THAT GOK COUNCIL OF MINISTERS HAD DECIDED ON PURCHASE OF BOEING 747 JUMBO JETS. AL-NISF SAID THAT MINISTERS HAD DECIDED IN PRINCIPLE TO PURCHASE WIDEBODIED JETS, ACCEPTING KAC RECOM-MENDATION THAT PURCHASE BE EITHER BOEING, LOCKHEED OR
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MCDONNELL DOUGLAS PLANE, WITH BOEING BEING FIRST CHOICE, SUBJECT TO SUCCESSFUL NEGOTIATION REGARDING VARIOUS CONDITIONS OF SALE. PRESS REPORTS THAT 747 DEFINITELY SELECTED ARE WRONG ACCORDING TO AL-NISF, WHO SAID THAT HE HAS INSTRUCTED THE COMPANY REPS OF LOCKHEED, BOEING, AND MCDONNELL DOUGLAS TO "IGNORE" THEM. AL-NISF SAID HE HAD GIVEN CONDITIONS TO BOEING REPS IN TOWN AND THAT THEY

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EXPECTED A REPLY FROM SEATTLE SHORTLY. AL-NISF SAID
CONDITIONS WERE LEGAL AS WELL AS FINANCIAL IN NATURE.
AL-NISF ALSO STATED THAT TWO BOEING 747-200B WERE BEING
CONSIDERED, AND THAT (IN RESPONSE TO SPECIFIC QUESTION)
AIRBUS DEFINITELY WAS OUT. (EMBASSY HAD RECEIVED REPORTS
FROM MINISTRY OF FINANCE SOURCES THAT MOF HAD SUGGESTED
TO KAC CONSIDERATION OF AIRBUS PURCHASE FOR SHORT-RANGE
INTER-ARAB ROUTES, RATHER THAN LONGER-RANGE WIDEBODIES.)

2. RE WETLEASING OF WIDEBODIES IN THE INTERIM UNTIL
DELIVERY, AL-NISF CONFIRMED THAT TWO 707'S HAD BEEN
LEASED, RATHER THAN ONE 707 AND ONE WIDEBODY, AS
ORIGINALLY PLANNED. GOK DELAY IN DECISION LED TO CAN-
CELLATION OF INITIAL SEARCH FOR WETLEASE, SCHEDULED TO
BEGIN FEBRUARY. AL-NISF OBSERVED THAT KAC STILL PLANNED
TO LEASE WIDEBODY TO OBTAIN TECHNICAL AND OPERATING
EXPERIENCE WITH PLANE. HE HAS DIRECTED KAC STAFF TO RENEW
SEARCH OF AVAILABLE LEASES, TO BEGIN IN MAY OR JUNE.

3. FINALLY, AL-NISF ALSO MENTIONED THATKAC IS INTERESTED
IN ACQUIRING AN ADDITIONAL 707, TO BE CONFIGURED AS A
VIP JET FOR THE AMIR. GOK ALREADY MAINTAINS A 737 AND A
SMALL EXECUTIVE JET FOR VIP PURPOSES, AS WELL AS ITS REGULAR
FLEET OF SEVEN OWNED AND TWO LEASED 707'S. BOEING VIP 707
PROMOTIONAL MATERIAL WAS ON AL-NISF'S DESK. (KUWAIT AIR
FORCE ALSO HAS C-9 TRANSPORT WITH VIP CONFIGURATION.)

4. COMMENT: GOK DECISION HOPEFULLY WILL SHORTEN PERIOD
OF UNCERTAINTY OVER KAC ACQUISITION AND EXPANSION PLANS.
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GOK HAS APPARENTLY DECIDED TO ALLOW KAC TO MAKE FINAL DECISION
REF SELECTION. SINCE KAC HAD PREVIOUSLY RECOMMENDED BOEING
PLANE, AND APPEARS TO BE STILL LEANING IN THAT DIRECTION,
LATEST DEVELOPMENTS CAST DOUBT ON PREVIOUS REPORTS THAT GOK
DISSATISFIED OVER BOEING RECOMMENDATION PER SE. DECISION
LIKELY TO REVIVE CONFIDENCE AT KAC, SEVERLY DAMAGED BY REMOVAL
OF TOP LEADERSHIP, AND SHOULD BREAK THE LOGJAM ALREADY BUILT
UP. (SENIOR DIRECTOR HAD COMMENTED TO EMBOFF SEVERAL DAYS
BEFORE DECISION ANNOUNCED THAT UNCERTAINTY SURROUNDING
"EVERYTHING", INCLUDING WIDEBODIED JETS, NEW LEADERHIP,
MERGER WITH GULF AIR,AND POSSIBLE REQUEST FOR BILATERAL
WITH US WOULD BE "ENDED" WITHIN TWO WEEKS.)

5. ACTION REQUESTED: FOR RCAA DWOR: AL-NISF (WHO IS BOTH
KAC GENERAL MANAGER AND ACTING CHAIRMAN) SAID THAT MINIS-
TERIAL MEETING WITH GULF AIR WOULD BE HELD MARCH 22-25, AND
THAT HE MAY BE IN US FOR SEVERAL DAYS IMMEDIATELY
FOLLOWING MEETING. IN ADDITION, EMBOFF MICHAUD WILL BE OUT
OF COUNTRY MARCH 26-APRIL 2. RCAA SHOULD TAKE THIS INTO

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ACCOUNT IN PLANNING UPCOMING TRIP.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
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Sent Date: 16-Mar-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
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TAGS: EAIR, KU
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vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/10c709b7-c288-dd11-92da-001cc4696bcc
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